KEG RESTAURANTS LTD.
ANNUAL REPORT 1982

REPORT TO THE SHAREHOLDERS — 1983 AND BEYOND:

1982 was a difficult year for Canadians and can be viewed either as a disaster, or as a needed period of re-discovery. In fact, if one looks at the year in retrospect, it might even be viewed as stimulating. Why stimulating? Well, basically the downturn in the economy forced us and other Canadian companies to take a long hard look at ourselves; to assess our existing operations and to assess our growth goals. It certainly made the Keg take a long hard look at some of its markets and develop tough-minded plans. The actions that we have taken in Montreal, Halifax and Seattle will hold us in good stead in the future. Equally important, it made us assess our growth goals in terms of our key markets; how we should manage in the future, and how we should finance this growth. And that is what I would like to talk about in this report:

- What areas we see for our major growth.
- How we will organize for this growth.
- How we will finance the growth.

Areas for Growth

As at December 31, 1982, we had roughly a 20% market share in the metro Vancouver market for dining out in the $15.00 + range. This contrasts with a 3% market share in metro Toronto and a negligible market share in Montreal and Washington. In terms of where we should grow, it is obvious that we should be building in those areas where our market share is low. If we expanded metro Toronto to achieve the same market share as in Vancouver, we could add an additional twenty to thirty restaurants in this market alone. The same is true in Montreal. Based on our research, the metro Montreal market could sustain in excess of twenty Kegs, and still not be in an overlapping position. Washington State also falls into this category.

The advantages of concentrating our growth in these areas are two-fold. First, it would enable us to make use of our advertising dollars more effectively. Second, it would enable us to rationalize our management structures in effective regions and to use our muscle in training and development, in purchasing and in achievement of results.

Just concentrating on our development in these areas will enable us to achieve our growth targets. Obviously, and as I have reported in the past, we have been looking at a number of acquisition potentials particularly in the Ontario area. If these major acquisitions do not proceed, we will definitely commence an aggressive program of building restaurants on a one-by-one basis in each of these markets. Concentrating our growth within these key areas, particularly with the national advertising program in place, will enable us to bring new restaurants on stream at a profitable level far more rapidly than in the past.

How We Will Organize

In 1982 we commenced a program of de-centralization in the Keg through adding greater strength at the regional level. In looking at our growth for 1983 and beyond we expect to continue this program and will be developing further regional entities in Ontario, Quebec and Washington.

These regional entities will perform certain primary functions formerly carried out at the corporate level including local marketing, operations audits, training and development and leadership in the control area of the individual restaurants, and will provide the spearhead for site acquisitions and growth in their individual areas.

In the case of Quebec, we have established a separate company which is being financed with Quebec investors as well as being managed locally.

We are indeed fortunate to have long-term Keg partners in positions to head up these regional entities and thus our basic concept and approach to business will not alter, despite the de-centralization.

Along with this move, we will be establishing a more simplified structure in the corporate office concentrating on three primary areas of service to the regions. These services will be in the marketing and concept area; in purchasing, food services, and training and development; and in the development and financing of the growth of the regions. With the resultant de-centralization in marketing, control activities and other support services, the cost of our corporate office will continue to decline as a percentage of sales following the trend in 1983.

The final change in how we will organize for growth is in the use of national advertising. In the past, each of the restaurants and small regions organized their advertising on an individual basis. In 1983 the decision was made to pool these resources to achieve a greater total impact in the market. As a result, a national advertising co-op was established with a budget of some two and a half million dollars in 1983. A creative director was retained, and with the benefit of national research, the decision was made to place our primary emphasis on television rather than on radio and print. The net effect of this program will be to build awareness and trial on a much broader basis in 1983 and beyond. This approach will be effective in all markets, and will particularly enhance Ontario, where our growth prospects have such an opportunity to add additional restaurants. We are obviously very excited about this approach to marketing within the Keg.

How We Will Finance

Our basic approach to financing in the past was to borrow primarily at the individual joint venture level. This approach certainly served us well in the past. However, 1982 created a lending environment that called for a radical departure from this program for 1983 and beyond. As a result we developed a two-fold approach to developing our future growth. First, we arranged a private placement of Keg shares to net the treasury some three million dollars. These funds will provide the base the company needs to achieve our growth goals. Secondly, we established a business facilities lease program which will be used to finance the individual joint ventures. The basic intent here is to allow us to develop a pool of funds independent of the financial strength of the operating partners. As we have grown, we have developed a considerable number of aggressive, younger managers who just don't have the financial resources to provide appropriate guarantees for bank financing. The business facilities lease program will overcome this dilemma.

Both of these approaches have been developed to ensure that our growth targets for 1983 and beyond can be achieved.

Certainly 1982 was not the best year for most in Canadian business. We are thankful in the Keg that the established restaurants performed so well despite the economic environment. 1983 should rebound somewhat particularly with the actions taken in our newer markets. The bright side throughout is the fact that we were forced to take a harder look at ourselves, to assess where we are going and to develop a plan for growth within some new frameworks. Perhaps, in the long run, 1982 was a good thing. We certainly look forward to 1983 and beyond with great enthusiasm.

George Tidball,
President

April 22, 1983

For Good Times, Tap The Keg!

There's one good thing about every day
And that's the night
Time is right
Tap The Keg for Good Times
Good friend times
Never going to end times
For Good Times, tap The Keg
For Good Times, tap The Keg

KEG RESTAURANTS LTD.
ANNUAL REPORT 1982

DIRECTORS

David Aisenstat
Arthur H. Crockett
J. Boyd Matchett
David W. Betts
Winton Derby
George M. Tidball
Harold P. Capozzi
Maxwell Goldhar

OFFICERS

George M. Tidball, *President & Chairman of the Board*
Eugene N. Ruelle, *Vice-President Marketing*
L. Bruce Benda, *Executive Vice-President & Secretary*
J. Duncan Holmes, *Vice-President Communications*
Hilary L. Goheen, *Senior Vice-President*
Alan Kucharski, *Vice-President Operations Control*
N.D.W. Richards, *Vice-President Corporate Finance*
Kurt Landert, *Vice-President Food Services*

AUDITORS' REPORT

To the Shareholders of Keg Restaurants Ltd.

We have examined the consolidated balance sheet of Keg Restaurants Ltd. as at December 31, 1982 and consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada
April 22, 1983

Thorne Riddell
Chartered Accountants

KEG RESTAURANTS LTD.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 1982

Assets	1982	1981
CURRENT ASSETS		
Advances and accounts receivable		
Shareholder and his related companies	$ 23,704	$ 177,682
Joint ventures	1,506,235	1,581,308
Franchises	238,076	174,213
Others	214,720	209,351
Current maturity of notes receivable	363,223	351,537
Inventories (note 3)	942,625	392,417
Prepaid expenses	98,540	143,930
	3,387,123	3,030,438
NOTES RECEIVABLE, net of current maturity		
Shareholders and their related companies	218,876	240,786
Other	253,158	259,923
	472,034	500,709
INVESTMENTS (note 4)	13,007,111	7,213,732
PROPERTY, PLANT AND EQUIPMENT		
Land and buildings	1,661,677	253,915
Leasehold improvements	10,479	31,459
Equipment and furnishings	209,887	172,269
	1,882,043	457,643
Less accumulated depreciation and amortization	79,157	93,985
	1,802,886	363,658
DEFERRED CHARGES		
Net of accumulated amortization	316,557	168,821
	$18,985,711	$11,277,358

Liabilities	1982	1981
CURRENT LIABILITIES		
Bank indebtedness (note 5)	$ 2,626,122	$ 1,742,851
Accounts payable and accrued liabilities	921,368	747,661
Current maturity of long-term debt (note 6)	1,985,315	236,810
Unearned revenue	160,970	144,739
	5,693,775	2,827,061
LONG-TERM DEBT, net of current maturity (note 6)	3,609,746	1,491,309
DEFERRED INCOME TAXES	—	185,504
Shareholders' Equity		
CAPITAL STOCK (note 7)	4,131,495	1,846,246
RETAINED EARNINGS	6,274,535	5,478,355
	10,406,030	7,324,601
DEDUCT COST OF SHARES OWNED by the company (note 7)	723,840	596,117
	9,682,190	6,728,484
	$18,985,711	$11,277,358

Contingent liabilities (note 4) Commitments (note 9)

Approved by the Directors

Director

Director

KEG RESTAURANTS LTD.

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1982

	1982	1981
Total restaurant sales		
Joint ventures	$107,765,674	$ 91,155,634
Wholly-owned	8,395,272	4,204,404
Franchises	11,230,414	12,840,269
	$127,391,360	$108,200,307
Share of restaurant income		
Joint venture restaurant income	$ 2,265,429	$ 2,555,299
Less share of restaurant income allocated to joint venture partners	1,194,160	1,311,024
	1,071,269	1,244,275
Wholly-owned restaurant loss	(239,701)	(89,633)
Keg share of restaurant income	831,568	1,154,642
Service fees from restaurants	5,181,772	4,814,770
Gain on sale of joint ventures	394,729	327,328
	6,408,069	6,296,740
Administration		
Corporate expenses, net of recoveries	4,518,732	4,213,609
Interest, including interest on long-term debt of $479,323 (1981 — $242,875)	533,015	336,798
Other income	(234,165)	—
	4,817,582	4,550,407
Income from operations	1,590,487	1,746,333
Gain on disposal of fixed assets and investments	—	258,800
Income before income taxes	1,590,487	2,005,133
Income taxes (benefit)	(38,823)	13,855
NET INCOME	$ 1,629,310	$ 1,991,278
EARNINGS PER COMMON SHARE AND CLASS A NON-VOTING SHARE (note 10)	$.47	$.62

KEG RESTAURANTS LTD.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1982

	1982	1981
BALANCE AT BEGINNING OF YEAR	$5,478,355	$3,868,524
Net income	1,629,310	1,991,278
	7,107,665	5,859,802
Premium on redemption and cancellation of first preference shares	89,000	—
Costs relating to the issue and reorganization of share capital (net of income tax benefit)	193,944	—
Dividends	550,186	381,447
BALANCE AT END OF YEAR	$6,274,535	$5,478,355

KEG RESTAURANTS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 1982

	1982	1981
WORKING CAPITAL DERIVED FROM		
Operations	$ 1,766,305	$1,849,474
Decrease in notes receivable	28,675	—
Employee stock purchase plan	294,400	42,000
Proceeds from disposal of fixed assets and investments	321,914	—
Increase in long-term borrowings	2,542,177	691,000
Issue of capital stock, net of costs to issue	1,787,200	—
Proceeds from sale of joint ventures	163,500	694,917
	6,904,171	3,277,391
WORKING CAPITAL APPLIED TO		
Investments	6,430,915	1,541,927
Property, plant and equipment additions	1,455,858	60,007
Deferred charges	108,501	—
Reduction of long-term debt	423,740	1,003,903
Repurchase of shares	400,000	21,562
Dividends	550,186	381,447
Increase in notes receivable and other investments	—	208,917
	9,369,200	3,217,763
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	(2,465,029)	59,628
WORKING CAPITAL AT BEGINNING OF YEAR	158,377	98,749
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	$(2,306,652)	$ 158,377

KEG RESTAURANTS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1982

1. Significant Accounting Policies

(a) *Principles of consolidation*

These financial statements include the accounts of the Company and its subsidiaries.

In order to provide more consistent and meaningful information the Company accounts for its restaurant and real estate subsidiaries on the equity method. Accordingly these investments are included in the consolidated balance sheet as investments accounted for on the equity method. Results from these operations are included on an after-tax basis in the consolidated statement of income as loss from wholly-owned operations.

(b) *Inventories*

Inventories are stated at the lower of average or replacement cost and net realizable value.

(c) *Investments in joint ventures*

The Company accounts for its investments in joint ventures (both incorporated and unincorporated) on the equity basis. The Company's share of the joint ventures' net income on an after-tax basis is included as a separate item on the consolidated statement of income.

(d) *Restaurant operations*

Where the Company has acquired restaurant operations, the purchase price is allocated firstly to tangible assets with any balance attributed to goodwill. Equipment and furnishings are depreciated over a ten-year period with leasehold improvements and goodwill being amortized on a straight-line basis over the terms of the leases plus renewal options, to a maximum of twenty years.

Certain costs incurred by restaurants prior to opening are deferred and amortized on a straight-line basis over a five-year period from the date of commencement of operations. These costs would include advertising, training and site investigation.

Costs incurred by new concept restaurants during the first year of establishing the new concept are deferred and amortized on a straight-line basis over five years. These costs include market development and operating losses.

(e) *Property, plant and equipment*

Property, plant and equipment are recorded at cost. Depreciation is calculated on a straight-line basis over twenty years for buildings and over ten years for equipment and furnishings. Leasehold improvements are amortized on a straight-line basis over the terms of the leases plus renewal options, to a maximum of twenty years.

(f) *Translation of foreign currencies*

Monetary assets and liabilities of the Company's U.S. subsidiary are translated at the year end rate of exchange. Non-monetary assets and liabilities are translated at the average exchange rate during the year of acquisition. Income accounts are translated at the average exchange rate for the year. Gains and losses resulting from these translation policies are recorded in the consolidated statement of income.

2. Related Party Transactions

The following related party transactions and balances are recorded in the accounts:

(a) Receivable from shareholders and their related companies

Advances receivable, net	$ 23,704
Notes receivable	$218,876

The advances are non-interest bearing and have no fixed terms of repayment. The notes receivable are non-interest bearing and consist of a loan of $42,000 repayable in annual installments of $2,000, a loan of $80,000 repayable in annual installments of $20,000 and a loan of $96,876 due in 1985.

(b) During the year G & W Holdings Ltd., a company in which the Company held a 50% interest, redeemed the other 50% of its outstanding common shares owned by a major shareholder of the Company for cash consideration equal to fair market value of $150,000. This redemption resulted in G & W Holdings Ltd. becoming a wholly-owned subsidiary of the Company.

(c) During the year the Company acquired from a major shareholder and related companies their preferred shares in and advances receivable from Abbotsford Restaurants Ltd. for cash consideration equal to fair market value of $45,000.

(d) Service, license and financial fees received:

	Service fees	License fees	Financial fees
Joint ventures	$4,394,372	$ 50,464	$195,260
Wholly-owned restaurants	359,481	—	10,800
Franchises	427,919	112,890	1,200
	$5,181,772	$163,354	$207,260

3. Inventories

	1982	1981
Inventories consist of:		
Real estate held for sale	$ 701,968	$ 193,840
Other	240,657	198,577
	$ 942,625	$ 392,417

4. Investments

Investments comprise:

	1982	1981
Restaurant operations, at equity		
Joint ventures	$ 5,456,384	$3,643,549
Wholly-owned	4,030,685	1,675,962
Other joint ventures and real estate subsidiaries, at equity	3,378,232	1,771,972
Other, at cost	141,810	122,249
	$13,007,111	$7,213,732

(a) The company's proportionate interest in restaurant and real estate joint ventures and subsidiaries is as follows:

	Restaurants	Real Estate	Total
Current assets	$ 2,459,301	$ 196,448	$ 2,655,749
Fixed assets	16,209,084	7,628,980	23,838,064
Other assets	6,706,162	94,995	6,801,157
	$25,374,547	$ 7,920,423	$33,294,970
Current liabilities	$ 6,958,651	$ 485,531	$ 7,444,182
Long term debt	8,928,817	4,056,670	12,985,487
Equity in net assets, being carrying value	9,487,079	3,378,222	12,865,301
	$25,374,547	$ 7,920,423	$33,294,970
Revenue	$61,098,505	$ 369,962	$61,468,467
Net income	$ 831,568	$ —	$ 831,568

In addition, the company is contingently liable in respect of joint venture and subsidiary borrowings as follows:

(i) as guarantor of restaurant loans to the extent of $9,821,107, a portion of which is included in the proportionate share of liabilities above, and

(ii) as a party to the loan agreement relating to the Old Spaghetti Factory joint venture companies, the principal amount outstanding at December 31, 1982 being $5,834,716. To facilitate this borrowing the loan was made in the name of the Company and the Company, in turn, entered into an agreement with The Old Spaghetti Factory joint ventures companies whereby they each assumed their proportionate share of the debt. While the Company is the primary borrower, for financial statement purposes, this loan is disclosed herein as a contingent liability rather than as a direct liability on the balance sheet, in order to more consistently present the financial position as it relates to the Company's liabilities under the terms of the various joint venture financing arrangements. Under the terms of the loan agreement the Company has pledged certain of its assets as security. In addition, a wholly-owned subsidiary of the Company has pledged certain of its real estate as security.

The Company's proportionate share of this debt is $2,917,358 and is included in the proportionate share of liabilities above.

Under the terms of borrowing the Company is required to maintain positive working capital as defined by the loan agreement. The Company is in default of this requirement, however the trustee for the debenture holders has waived this requirement, subject to certain conditions. These conditions include prior approval by the trustee to capital expenditures aggregating in excess of $1,000,000 and cash dividends.

(iii) as guarantor of real estate loans to the extent of $3,885,000, a portion of which is included in the proportionate share of liabilities above.

5. Bank Indebtedness

Bank indebtedness is secured by a general assignment of book debts and a floating charge demand debenture.

6. Long-Term Debt

Long-term debt comprises:

	1982	1981
Debentures	$ 724,309	$ 874,619
Mortgage	720,000	816,000
Term bank loans	2,516,695	—
Promissory note	1,036,000	—
Agreements	585,245	37,500
Other	12,812	—
	5,595,061	1,728,119
Current maturity	1,985,315	236,810
	$3,609,746	$1,491,309

(a) *Debentures*

These debentures bear interest at prime rate plus 2% and mature October 15, 1985. This debt is secured by a fixed charge on the Company's investment in the various joint venture and subsidiary companies and by a floating charge on all other non-current property and assets of the Company.

(b) *Mortgage*

The mortgage bears interest at prime rate plus 2% and is secured by land, building and restaurant assets located in Tacoma, Washington.

(c) *Term bank loans*

These loans bear interest at prime rate plus 1% to 1½% and are secured by a general assignment of book debts, a floating charge demand debenture and a fixed charge on real estate.

(d) *Promissory note*

This debt bears interest at prime rate plus ½%, matures in 1987 and is secured by land and a building located in Montreal, Quebec.

(e) *Agreements*

$305,314 of these agreements are non-interest bearing, the remainder bear interest at 15%. The agreements mature in 1985.

(f) *Principal repayments*

The minimum principal payments on long-term debt for the next five years are as follows:

1983	$1,985,315
1984	549,980
1985	465,142
1986	599,568
1987	1,015,648

7. Capital Stock

The Company's issued capital stock comprises:

	1982	1981
914,019 common shares, net of employee stock purchase plan	$ 526,574	$ 452,974
3,342,109 Class A non-voting shares, net of employee stock purchase plan	3,604,921	1,358,921
86,622 first preference shares	—	34,351
	$4,131,495	$1,846,246

(a) *Common shares and Class A non-voting shares*

There are 6,914,020 no par value common shares and 6,000,000 Class A non-voting shares authorized. During the year the Company reorganized its issued and unissued share capital by way of subdividing each three issued and unissued common shares into four common shares and re-designating three of such four shares as Class A non-voting shares. The 1981 numbers have been restated to recognize this reorganization.

The common share and Class A non-voting share transactions during 1982 were as follows:

Common shares	Number of shares	Amount
Balance December 31, 1981	914,019	$ 452,974
Payments received under the employee stock purchase plan	—	73,600
	914,019	$ 526,574
Deduct shares owned by the Company	125,936	
	788,083	

Class A non-voting shares	Number of shares	Amount
Balance December 31, 1981	2,742,059	$1,358,921
Issued		
Pursuant to underwriting	600,000	2,025,000
Conversion of warrants	50	200
Payment received under the employees' stock purchase plan	—	220,800
	3,342,109	$3,604,921
Deduct shares owned by the Company	361,133	
	2,980,976	

During the year an underwriting resulted in an issuance of 600,000 Class A non-voting shares accompanied by 300,000 Class A non-voting share purchase warrants for total cash proceeds of $2,025,000. Each warrant entitles the holder to purchase one Class A non-voting share at $4 until December 31, 1984.

The Company purchased 33,000 common shares and 100,000 Class A non-voting shares for a cash consideration of $400,000 or $3 per share.

During the year the Company issued out of treasury 8,330 common shares and 41,667 Class A non-voting shares at a total assigned value of $150,000 on acquisition of interests in real estate and two restaurants.

Notes receivable pertaining to the employee stock purchase plan are deducted from share capital for financial statement purposes. $115,600 of such notes remain outstanding and are due as follows:

1983	$ 27,200
1984	40,800
1985	47,600
	$115,600

(b) *First preference shares*

During 1982 the Company redeemed the 300 outstanding first preference shares and all the first preference shares acquired by its subsidiary. As part of its reorganization of share capital the Company cancelled its authorized first preference shares and second preference shares, none of which were then outstanding.

8. Income Taxes

At December 31, 1982 a U.S. subsidiary of the Company has the following loss carry-forwards available to reduce future years' income for tax purposes, the tax benefit of which have not been recorded in the accounts. These losses expire in the following years:

1993	$ 28,060
1994	196,818
1995	231,054

9. Commitments

The Company, its subsidiaries and joint ventures have lease commitments which expire in one to twenty-six years. The approximate aggregate annual rentals payable over the next five years on these leases, excluding additional payments based on sales, will be as follows:

1983	$3,491,187
1984	3,389,890
1985	3,239,826
1986	2,718,536
1987	2,298,150

10. Earnings Per Share

The earnings per share figures are calculated using the weighted monthly average number of shares outstanding during the respective fiscal years after giving retroactive effect to the reorganization of the Company's share capital as referred to in note 7(a). The fully diluted earnings per share would not be significantly different from reported earnings per share.

Had the private placement of common shares referred to in note 11 taken place at January 1, 1982, the proforma earnings per share would have been $.41.

11. Subsequent Events

(a) Subsequent to December 31, 1982 the Company has, by private placement, issued 1,064,000 Class A non-voting shares for a cash consideration of $3,294,400. The net proceeds will be applied to reduce bank indebtedness and finance the Company's expansion.

(b) The Company has declared a stock dividend of one Class A non-voting share for each 95 common shares held and one class A non-voting share for each 75 Class A non-voting shares, to shareholders of record on April 15, 1983, payable on April 22, 1983.

12. Comparative Figures

Certain 1981 financial statement items have been restated to conform with the presentation adopted for 1982.

13. Regional Operations

The following table summarizes the Company's operations on a regional basis:

1982 (stated in $000's)

	British Columbia	Alberta	Midwest	Eastern	United States	South Pacific	Total
Sales	$49,309	$17,484	$16,198	$33,072	$8,091	$3,238	$127,392
Franchise sales	5,418	—	5,812	—	—	—	11,230
	$43,891	$17,484	$10,386	$33,072	$8,091	$3,238	$116,162
Net income	$ 405	$ 1,166	$ 524	$ (167)	$ 149	$ (52)	$ 2,025
Keg share thereof	$ 160	$ 614	$ 244	$ (137)	$ (23)	$ (26)	$ 832
Head office							
Service fees from restaurants, net of administration expenses							169
Other income							628
Net income							$ 1,629
Investment carrying value	$ 3,717	$ 384	$ 646	$ 2,617	$2,090	$ 33	

1981 (stated in $000's)

	British Columbia	Alberta	Midwest	Eastern	United States	South Pacific	Total
Sales	$39,574	$16,372	$13,985	$28,900	$7,713	$1,657	$108,201
Franchise sales	4,177	—	5,165	3,499	—	—	12,841
	$35,397	$16,372	$ 8,820	$25,401	$7,713	$1,657	$ 95,360
Net income	$ 935	$ 756	$ 430	$ 86	$ 242	$ 17	$ 2,466
Keg share thereof	$ 515	$ 378	$ 208	$ 24	$ 26	$ 4	$ 1,155
Head office							
Service fees from restaurants, net of administration expenses							250
Other income							586
Net income							$ 1,991
Investment carrying value	$ 1,256	$ 438	$ 482	$ 1,423	$1,661	$ 59	

14. Supplementary Information

Condensed financial statements prepared on a consolidated basis including the Company's proportionate share of assets and liabilities of its investees are as follows:

	Restaurants	Real Estate	Total
Current assets	$ 5,203,103	$ 839,769	$ 6,042,872
Notes receivable	472,034	—	472,034
Fixed assets	16,318,828	9,322,122	25,640,950
Other assets	7,164,529	94,995	7,259,524
	$29,158,494	$10,256,886	$39,415,380
Current liabilities	$11,561,781	$ 1,576,176	$13,137,957
Long term debt	9,687,973	6,907,260	16,595,233
Equity in net assets, being carrying value	7,908,740	1,773,450	9,682,190
	$29,158,494	$10,256,886	$39,415,380